

PART II

GUIDANCE AND PROCEDURES

CHAPTER 6: REQUISITION PROCESSING/MATERIAL ISSUE

6.1 GENERAL

A customer who needs an item makes that need known by submitting a requisition. As discussed previously, the requisition identifies what item is needed, how many, who the customer activity is (and where), the urgency of the requirement (priority) and whom to bill for payment. The identifying part of the requisition is the document number, a unique 14-digit number controlled locally and used to ensure that each requisition has a distinct identifier. Individual requisitions may be forwarded from one storage site to another but always contain the original document number. This number will be shown on documentation accompanying the material when it is shipped to the customer as well as on any communication between supply components and the customer concerning a particular request.

Requisitions for all NAVSEA managed material must be forwarded to the cognizant Inventory Manager (IM) for processing, and IMs will approve all resulting issues according to the guidance provided in Chapter 2, Section 2.1 of this document.

General stages of requisition processing are described below and include:

- a. Demand/issue recording.
- b. Edit and validation.
- c. Stock availability review.
- d. Supply action.

Requisitioning procedures will be discussed for both program and maintenance stocks. In addition, alternate material request and issue programs (i.e., cannibalization and loan) will be addressed.

6.2 DEMAND/ISSUE RECORDING

6.2.1 Definitions

Systematic recording of demand and issue history is necessary to maintain asset visibility and provide the basis for future calculation of both demand-based and insurance item stock levels. When tracking this data, the following general definitions apply.

a. Demand: Any valid request for material (excluding program requirements) to satisfy end-usage categories such as maintenance replacement, authorized allowances, training, foreign aid (Military Assistance Program or Foreign Military Sales), and other (i.e., loans).

b. Issue: Release of material from stock to satisfy demand. Authorization to provide material is not an issue until physical release from stock occurs.

c. Program Issue: An issue to satisfy new construction or conversion, Ship Alterations (SHIPALTs), or other program requirements of a one-time nature.

6.2.2 Procedures

To ensure effective collection and utilization of demand data, IMs must adhere to general procedures. Issue authorization for program material is to be recorded separately from the demands defined above. Demand should be recorded at the time of receipt of the request and not when material is authorized for issue. Requisitions that are obvious duplicates of previous requests (repetitive demands) are not to be demand recorded. Requisitions that are rejected because they are requests for complete equipments or components (when the IM or other competent authority determines that component repair parts should have been requested) are not to be demand recorded.

Demand should be recorded when requisitions are rejected due to lack of stock if an issue would have been authorized had the material been available. Demand should not be recorded when requisitions are determined to be invalid. When substitute items are authorized for issue, the demand is to be recorded for the requested item. The only exception is when a superseding or preferred stock number is issued to satisfy the request in which case demand should be recorded for the superseding or preferred item.

6.2.3 Formats

Specific formats for demand and issue tracking have been developed. They require that certain data elements be recorded. Those data elements include:

- a. The date the requisition was received.
- b. The requisition's document number.
- c. The requisitioner's Unit Identification Code (UIC) /hull number.
- d. The Equipment Identification Code.
- e. The equipment purpose.
- f. The quantity requested/authorized for issue.
- g. The date the material is required.
- h. The issue activity (Navy or commercial).

- i. The contract number (if direct delivery from contractor is required).
- j. Remarks.

6.3 EDIT AND VALIDATION

6.3.1 Process

All requisitions for NAVSEA material will normally require some degree of IM action. Military Standard Requisition and Issue Procedures (MILSTRIP) requisitions for standard stock material go through an automated edit process before disposition by the IM (i.e. referral to a particular stock point for issue). Non-standard, message, fax, and phone call requisitions must be edited by the IM to ensure that necessary data elements are present and to validate the legitimacy of the request. Editing may be broken down into both general and requisition-specific functions.

a. General Editing: The general editing function involves reviewing for data sufficiency, data accuracy, and data correlation. When not previously edited by computer, MILSTRIP inputs must be reviewed by the IM to ensure that all information necessary for processing is provided. IMs may need to conduct additional research to identify or clarify omissions. The following information is considered the minimum necessary for IM analysis of the requisition: type of request (Document Identifier); priority; document number; stock/part number; quantity; shipping address (Signal Code, supplementary addressee); accounting data (Project Code, Fund Code); and material turn-in status (Demand Code, Advice Code). As described in Chapter 1, MILSTRIP elements must conform to specific alpha and/or numeric formats. IMs may be required to identify and resolve inconsistencies in this area. In addition, requestors may mistakenly enter inaccurate information (i.e., incorrect part or stock numbers).

b. Requisition Specific Editing: Certain MILSTRIP entries may, by definition, require correlation with other code inputs. For example, Media and Status, Signal Code and supplementary addressee blocks contain complementary data. On another level, a specific MILSTRIP Document Identifier (DI) series may require data column entries that correspond to that particular series.

The above review elements are intended to define and validate specific entries associated with each request. Nonetheless, the most important review effort is directed towards assessing the legitimacy of the requirement. The fundamental goal must be to determine whether a specific requisitioner has a legitimate need for a particular item in a given time frame. For program requirements, this requires correlating requisitions to planning documents and associated pre-assigned document numbers. For maintenance demands, it will require determination of applicability of the requested item on a particular ship or ship class and may require analysis of equipment maintenance philosophies or plans to ensure that the end-item replacement is appropriate.

6.3.2 IM Action

When the IM identifies discrepancies or is unable to verify the validity of a particular request, he should contact the originator and attempt to resolve any problems. If this effort is unsuccessful, two general options are available.

a. Cancellation actions should be taken only when the IM identifies wholly unauthorized or inappropriate material requests. For example, the IM may determine a particular National Stock Number (NSN) is not applicable to a requisitioner's (i.e., Hull) UIC. In that case a Supply Status Document as depicted below should be forwarded to the originator, with the appropriate Cancellation Status Code (CA) in data columns 65-66 and amplifying remarks provided as status to the requestor.

b. Similarly, a rejection code may be used when the IM requires additional information from the requestor in order to assess the legitimacy of the requirement. In that case, IMs may also use the Supply Status Document format depicted below, entering the appropriate Rejection Status code (i.e., BD) in data columns 65-66, and detailing the specific additional information required (including the response time frame) in narrative remarks. If adequate response is not provided within the time allotted, cancellation may be appropriate.

6.3.3 Supply Status Document (Other Than Contract Status)

a. General: Supply status is normally furnished to the customer in the following DD Form 1348m format to reflect action taken on a request for material (other than an issue) unless the entry in data column (dc) 7 indicates that status is not desired or that status will be furnished to the supplementary addressee in dc 45-50. Status will be furnished to both requisitioner and supplementary addressee when Media and Status Codes F, G, P, or Z are entered on the original requisition. Additionally, supply status will be furnished to the monitoring activity if an entry appears in dc 54.

<u>Columns</u>	<u>Field Legend</u>	<u>Explanation and Instructions</u>
1-3	Document Identifier	Enter appropriate DI(s): AE1 - Status to requisitioner. AE2 - Status to supplementary addressee. AE3 - Status to monitoring activity. Also used for supply status to the inventory control point from the storage site. DI AE6 applies.
4-6	Routing Identifier (from)	Enter the routing identifier of the supply source furnishing the status.
7	Media and Status Code	Perpetuate from original document.
8-22	Stock or Part Number	Enter requisition NSN or part number.

<u>Columns</u>	<u>Field Legend</u>	<u>Explanation and Instructions</u>
23-24	Unit of Issue	Enter the unit of issue applicable to that stock number.
25-29	Quantity	Enter the quantity applicable to the item being supplied.
30-43	Document Number	Perpetuate the document number shown on the original requisition.
44	Suffix	Enter the suffix code when the requisitioned quantity is divided into separate supply actions. Otherwise leave blank.
45-50	Supplementary Address	Perpetuate from original document.
51	Signal Code	Perpetuate from original document.
52-53	Fund Code	Perpetuate from original document.
54	Distribution Code	Perpetuate from original document.
55-56	COG Symbol	Perpetuate from original document unless advice code indicates change; then enter correct dual COG symbol.
57-59	Project Code	Perpetuate from original document.
60-61	Priority Code	Perpetuate from original document.
62-66	Transaction Date	The julian date that corresponds to the date of this reply.
65-66	Status Code	Enter applicable status code.
67-68	Routing Identifier	Enter "last known source" to which authorized follow-up action will be directed.
70-73	Estimated Shipping Date	When designated by the status code, enter the year and julian date that it is estimated the material will be shipped.

6.4 STOCK AVAILABILITY REVIEW

The foundation for a stock availability review is inherent in the asset monitoring function. After reviewing requests, IMs must match individual requirements to available stock. In theory, IMs will have stocks positioned and designated for specific program or maintenance purposes based on previous calculations (i.e. stratification (STRAT), Supply Demand Review (SDR), etc.) as addressed in prior chapters. IMs can then assess current stock availability via internal stock and other record checks (including contracts for repair/procurement dues-in), direct communication with stocking activities, Weapon System File current stock status (PTAS) retrievals or other methods as discussed in Chapter 2. The following discussions will address processing options for both on-hand (in-stock) and due-in or Not In Stock (NIS) material.

6.5 SUPPLY ACTION

6.5.1 General

Following the stock availability review, the supply action phase of requisition processing entails all events in support of material issue. For basic referrals of in-stock items, this may require a minimum of documentation and analysis. For certain NIS options, however, the IM of NAVSEA material may need to perform more extensive processing functions. Examples of potential supply actions in specific circumstances are described below. In all cases, managers must abide by Uniform Material Movement and Issue Priority System (UMMIPS) time standards when processing initial requests. Overall standards, as well as Inventory Control Point/IM and Stock Point limits, are defined in Chapter 5, Sections 5.6.1.1 and 5.6.1.2.

6.5.2 Material In Stock

Referrals are used by the IM to direct issue of material from reporting stock points. It is therefore mandatory that all referral documents (Chapter 5, Section 5.5.2) include management coding (dc. 70-72) to indicate specific stocks from which issue is to be made. IMs must also input Status Codes (dc. 65-66) to provide stocking activities with pertinent direction or guidance and may provide additional status to the originator in the exception data or remarks section. Urgency of specific requirements may warrant referral of a requisition by telephone. When furnishing status to the status addressee(s), the referral activity may be provided an information copy of the status document and may be requested to confirm receipt of the requisition (if required). Additional specific procedures may be required per NAVSUP P-485 Naval Supply Procedures, Volume II (Supply Appendices) and Volume III (Ashore Supply) for referrals to support interservice, Military Assistance Program, or Military Sealift Command requests.

6.5.3 Material Not In Stock (NIS)

Backorder is a generic term applied to commitments made by IMs when material, due in from production/repair, will be available by a specified date to fill requisitions that cannot be processed within the UMMIPS time frame. In establishing backorders, IMs of NAVSEA material must ensure due-ins have been specifically designated for a particular program or maintenance requirement. The IM may elect to hold backorders centrally or establish them on the records of a particular stock point. The following policies apply.

a. For backorders retained only on the NAVICP's computerized central records, the IM should provide the customer with a DI AE_ (series) Supply Status Document reflecting Status Code BB in dc 65-66, the estimated delivery date in dc 70-73, and the IM's Routing Identifier Code in dc 67-69. Upon receipt of material into the supply system, the IM will release the obligation by issuing a DI A4_ (series) Referral Order to the appropriate stock point while providing the customer with supply status indicating the stock point to which the requisition was referred. The IM may also elect to backorder with direct delivery from production or repair in which case a DI AB_ (series) Direct Delivery Supply Status Document should be prepared with status code BV or N7 as appropriate.

b. For backorders retained centrally and simultaneously referred to a stock point, the Referral Order prepared by the IM should contain Status Code NF, Purpose Code A, Condition Code A, and Transaction Code G in the applicable data fields. The IM may also transmit supply status to the customer indicating the stock point or Designated Overhaul Point (DOP) to which the request has been referred.

6.5.4 Substitute Item

When assessing material availability, the IM may determine that a particular request can be filled through issue of a substitute item. Evaluating this option, requires that the IM obtain input and approval from both the Program Office equipment engineer and the customer to validate acceptability of the proposed action. For example, specific requisition advice codes (2B, 2J, 5U, 5V, 5Y, 52, 53) prohibit substitution. Interchangeable or substitutable Navy Item Identification Numbers (NIINs) are shown on the Consolidated Stock Status Report or may be obtained via a NAVICP Master Item File (MIF) PTBK retrieval. The plain language title of the Data Element Numbers (DENs) used to tailor the PTBK retrieval are listed in Figure 32. Substitution directives should be in DI A4_ (series) referral format (Chapter 5, Section 5.5.2), with the substitute item stock number in dc 14-20, appropriate Status Code (i.e., BM/NH), and supply status to the customer in the remarks field.

PROGRAM "BK" (DEN TO English Title List) Basic NIIN Data

<u>DEN</u>	<u>DESCRIPTION</u>
B002	Local Routing Code
B010	Contract Production Lead Time Average
B011A	Contract Procurement Lead Time Forecast
B053	Unit Price
B059	Repair Net Price
B079	Purchase Description Indicator
C002B	Navy Item Control Number (NICN)/Permanent System Control Number
C003	Cognizance Symbol (COG)
C003A	Material Control Code (MCC)
C003B	Special Material Identification Code (SMIC)
C003D	Logistics Reassignment - Gaining Inventory Manager's COG
C003V	COG Symbol Pending
C004	Item Name
C004A	Item Name Code
C004C	Item Name Navy
C005	Unit of Issue
C009	Procurement Activity Code
C012	Entry Date - Julian
C013	Effective Change Date
C016	Item Management Code
C017	Security Classification Code
C018	Change Code
C020	Item Management Justification Code
C033	Quality Control Item Code
C036	Pre-Acceptance Test Requirement Code
C037	Special Production Tooling/Test Equipment Code
C039A	Date of Procurement Method Determination
C039B	Procurement Determination Procedure Level Code
C042	Federal Supply Classification
C043	Automatic Purchase Expiration Date
C058	Establishment Error Indicator
C411	Precious Metals Indicator Code
C412	Automatic Data Processing Equipment Code

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PROGRAM "BK" (DEN TO English Title List) Basic NIIN Data

<u>DEN</u>	<u>DESCRIPTION</u>
D010	Special Program Application Code
D012	Source Code
D012A	Supplemental Source Code
D013C	Recoverability Code
D014	Special Recoverability Information Code
D014A	Issue, Repair and/or Requisition Restriction Code
D022	Type Item Identification Code
D025D	Item Standardization Code
D025E	Acquisition Method Code
D025F	Acquisition Method Suffix Code
D046D	National Item Identification Number (NIIN)
D073	Reference or Partial Description Method Reason Code
D087	File Maintenance Sequence Number
D091	Criticality Code
D120	Level of Authority
E089	Acquisition Advice Code (AAC)
F023	Procurement Quality Assurance Site
F024	Automated Purchase Special Procedure Code
F024A	Nonautomated Purchase Referral Code
F024B	Nonautomated Technical Referral Code
F027	Best Replacement Factor
CNS	Change Notice Suspense Indicator
EDS	Effective Date Suspense Pending Indicator

Alternate National Item Identification Number (NIIN) Data

C002B	Navy Item Control Number (NICN)/Permanent System Control Number
D016	Alternate NIIN
D016A	Alternate NIIN Relationship Code
D016B	Alternate NIIN Cognate Code
D046D	NIIN

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6.5.5 Diversions

As previously described, stock levels are procured and held for specific program or maintenance purposes. However unforecast equipment failures may cause maintenance demands to exceed established levels. In that case, the IM may consider the diversion of on-hand or due-in program stocks to fulfill the requirement. This process will entail several steps.

a. The IM will need to identify material available or due-in to construction/overhaul activities in proximity to the requisitioner or installation site. Since program stocks are separately funded and earmarked for specific construction programs or availabilities, the IM must obtain cognizant Program Office/Type Commander (TYCOM) approval for any diversions. To support this decision IMs will need to detail specific circumstances of the request and provide indication of ability to replace the material in sufficient time to support the original requirement.

b. For on-hand material, IMs should direct issues via Referral Orders, with appropriate Status Code (i.e., ND) and amplifying remarks. For material that is due-in, IMs may need to forward shipping instructions, via the Contracting Directorate, stating requisite material destination, delivery time frames, marking instructions, etc., and subsequently process backorder directives as described above. IMs of NAVSEA material must make arrangements to repair or procure material to replace such diverted stock. This will require fund identification and application to production or repair vehicles as well as coordination with authorizing activities.

6.5.6 On-board Repairs

For selected electronics items, IMs of NAVSEA material may have the capability to initiate on-board repairs by designated technical service representatives. In these instances the IM will need to determine the specific location and availability of the hull in which the equipment is installed. If the time frame is such that on-board repair is feasible, the IM may then contact the designated repair activity and attempt restoration. IMs will hold the requisition in abeyance (Status Code "BD") until the outcome of such action is known. If repair is unsuccessful, the IM can then resort to one of the alternate in-stock or NIS options described above (as appropriate).

6.6 REQUISITION STATUS

Status must be provided to all NAVSEA customers subsequent to requisition processing. For referrals, this may be accomplished by providing the requestor a copy of the referral order annotated to identify it as a status document. Alternatively, a Supply Status Document (Section 6.3.3) and appropriate Status Codes as described in the previous sections may be used for all processing options.

6.7 REQUISITION POSTING

Upon completion of requisition processing and determination of supply action, the IM should ensure requisition data is posted and/or updated via specific Weapon System File input programs (PTRP and PTRU respectively). Posting is normally performed subsequent to initial processing, while updates may be used for various follow-on requirements. In both cases IMs may use the PTRS status retrieval program to obtain a current Document Status File image and thereby track documents throughout the requisition cycle.

The following data columns may be changed through posting: DI (dc 1-3), Routing Identifier (dc 4-6), NSN (dc 8-22), Unit of Issue (dc 23-24), Distribution Code (COG) (dc 55-56), and Advice Code (dc 65-66). Using information in the following table, the IM may determine the appropriate posting action code as a function of how the requisition is to be transmitted and whether it is a referral or rejection.

POSTING ACTION CODE	REQUISITION ACTION	TRANSMISSION METHOD	CONSIDERATIONS
P1	Referral	AUTODIN	<ul style="list-style-type: none"> Document identifier of AOA, AO1, A4A, A4A. Information to all addressees: requisitioner, referral activity, supplementary addressee.
P2	Referral	Message	<ul style="list-style-type: none"> Document identifier of AOE, AO5, A4E, A45. Any document identifier when remarks are to be transmitted.
P7	Referral	Telephone	<ul style="list-style-type: none"> When requisition has been passed by telephone and need to update Document Status File (DSF) only. ODSF update only.
P4	Rejection	Message	<ul style="list-style-type: none"> When remarks apply (status code CM, RA, etc.)

The requisition update program (PTRU) changes the Document Status File (DSF) image and may be used to modify all MILSTRIP data columns except 30-43 (Document Number). As in the PTRP posting program, the IM must determine which update input/output code to use along with a specific action code. Primary code inputs are listed in the table below.

REQUISITION UPDATE INPUT/OUTPUT AND ACTION CODES

Input/Output Code

Definition

U1	Provides AUTODIN status.
U2	Provides message status; usually used when exception/remarks data must be transmitted.
U7	Signifies no status to be provided or that status was furnished by telephone call.

Action Code

Definition

1	Changes certain elements of the DSF 80 data column format. Status must be blank or BD.
4	Deletes an item from the DSF. No variable data is entered.
5	Changes various elements in the DSF header. This change is used mainly by originators to apply requisition modifier actions. All changes are validated for correct format and valid characters before the field is updated. Invalid requests are rejected to the originator.

6.8 RECOVERY/TURN-IN OF REPAIRABLE MATERIAL

This section applies to 2F, 2J and 2S, material under NAVSEA control identified by material condition code G, H, or D with the exception of boats and landing craft (Special Material Identification Code [SMIC] B1), and nuclear propulsion equipment (SMIC X1).

6.8.1 General

During requisition processing IMs must determine whether material exchange is required. The high cost and criticality of many NAVSEA items mandates that controlled monitoring be applied to ensure they are returned for repair and reuse. Repairable material assets, both Ready For Issue (RFI) and Not Ready For Issue (NRFI), are returned to the supply system through reporting stock points from several sources. They are normally referred to as Material Turned In to Store (MTIS) or Mandatory Turn-in Repairable (MTR) items and fall within three main categories.

a. One category consists of turn-in of repairable items by a Fleet or shore unit either as a result of direction by NAVSEA or in accordance with the NAVSUP Master Repair Item List (MRIL), and NAVSUP Instruction 4440.157 (MTIS Manual).

b. Another category includes material removed from deactivated or disposed ships in accordance with OPNAV Instruction 4770.5F [General Instructions for Inactive Ships and Craft]. Section 7.2.1 provides additional information.

c. The third main category consists of material received from Surplus Property and Excess Contractor Inventory. Section 7.3 provides additional information.

6.8.2 Procedures

IMs of NAVSEA material will determine if replaced MTR items should be recovered. As part of this process IMs will review the requisition advice codes listed below to determine if the MTR is on an exchange basis.

MILSTRIP ADVICE CODES – MATERIAL TURN INS	
<u>Advice Code (dc 65-66)</u>	<u>Definition</u>
5A	Replacement certification. Requested item is required to replace a mandatory turn-in repairable which has been surveyed as missing or obviously damaged beyond repair.
5D	Initial requirement certification. Requested item is a mandatory turn-in repairable required for initial outfitting or installation or increased allowance or stockage objectives; therefore, no unserviceable unit is available for turn-in.
5H	Release of planned requirement or reservation for (1) Mandatory turn-in repairable, no non-RFI unit available for turn-in; (2) Field level repairable; (3) Consumable.
5G	Exchange certification. Requested item is a mandatory turn-in repairable for which an unserviceable unit will be turned-in on an exchange basis under the same document number as that used in the requisition.

MILSTRIP ADVICE CODES – MATERIAL TURN INS

<u>Advice Code (dc 65-66)</u>	<u>Definition</u>
5S	Remain in place certification. Requested item is Unserviceable. Unit will be turned-in on an exchange basis after receipt of a replacement (serviceable) unit. Turn-in will be on the same document number as that used in the replacement requisition.
5X	Stock replenishment certification. Requested item is required for stock replenishment of a mandatory turn-in repairable for which unserviceable units have been or will be turned-in for repair.

The NAVSEA Material Representative (MATREP) will screen all MTR items at the Consolidated Stock Point (CSP) to determine the extent of cannibalization, such as missing parts, and will notify the IM of unauthorized cannibalization and photograph the item as required. The MATREP will also ensure that the CSP promptly reports the turn-in to the NAVICP and the IM per NAVSUP P-485 Volume III, Ashore Supply Procedures, and NAVSUP Instruction 4440.157 (MTIS Manual).

Upon notification of a ship scheduled for disposal, IMs of NAVSEA material will recover NAVSEA repairable material per OPNAV Instruction 4770.5F. The NAVSEA MATREP will assist by complying with the previously stated procedures.

6.9 AFTER HOURS PROCESSING

6.9.1 General

The NAVICP Duty Officer or the NAVSEA Watch Officer occasionally receives urgent MILSTRIP phoncon and message requisitions, for NAVSEA COG material, after business hours. If the NAVSEA Watch Officer receives the requisition, that person will normally coordinate with the NAVICP Duty Officer to process the requirement by forwarding it to NAVICP Mechanicsburg. Under certain circumstances the IM may be contacted at home by the NAVICP Duty Office and requested to provide issue authorization and/or processing information.

6.9.2 Process

IMs may be contacted at home for processing of requisitions if the priority (dc 60-61) is 01, 02, or 03 and the MILSTRIP message or call is a walk-through. Duty Officers will generally not contact the IM at home if the request is received after 2300 hours before a workday. If, however, the requestor advises that a requisition be processed as

a walk-through or is from an overseas activity, the IM may be contacted at any time. Priority 04 - 15 non-standard requisitions, on the other hand, will, as a general rule, always be forwarded to the IM for processing the next workday.

When contacted, by the Duty Office, the IM must determine processing action based on the guidelines previously described. If the IM defers action, the Duty Officer will record the MILSTRIP document number, the IM name and code and then FAX the document to the IM's office. If the IM authorizes the issue, certain data must be provided including: the DI (dc 1-3), the Routing Identifier (To) (dc 4-6), the Routing Identifier (From) (dc 67-69), the Purpose Code (dc 70), the Supply Condition Code (dc 71), and the Management Code (dc 72).

The NAVICP Duty Officer will notify the cognizant stock point duty officer of requisitions authorized for issue and relay the MILSTRIP issue data. For all such issues made by phone and for all other priority MILSTRIP actions, not completed by start of business the next workday, the Duty Officer will FAX or otherwise transmit the documentation to the cognizant IM.

6.10 CANNIBALIZATION AND DIVERSION OF NAVSEA MATERIAL

This section applies to requests for cannibalization of 2F, 2J, and 2S items under NAVSEA control, with the exception of boats and landing craft (SMIC B1) and nuclear propulsion equipment (SMIC X1).

6.10.1 General

Periodically, emergency requirements occur that cannot be satisfied from supply system stocks or from commercial procurement in sufficient time to meet the date that the material is required. In some cases, these requisitions can be satisfied through removal of parts from major items of equipment. This removal process, called cannibalization, is an extreme action and should be used only as a last resort. Supply action of this type requires intensive monitoring to insure that all phases of the cannibalization are tightly controlled.

6.10.2 Definitions

The following definitions are applicable to the cannibalization process.

a. Cannibalization: The removal of serviceable material from one equipment for installation in another equipment to restore the latter to a serviceable condition. Cannibalization includes removal of equipment from either Active or Inactive Fleet ships.

b. Diversion: The removal of an item of government furnished material or contractor furnished material positioned at a contractor's plant incident to a production contract.

c. Integrated Manager Item: Item assigned to Defense Logistics Agency, General Services Administration, Army, or Air Force for support for all military service users (i.e., all items bearing "9 COG" symbols in the Navy Management Data Lists).

d. Potential Candidate for Cannibalization or Diversion: A requisition which cannot be satisfied by the cognizant inventory manager within UMMIPS or other reasonable time frames; which cannot be filled through normal supply action; and which is referred to a Type Commander (TYCOM) for possible supply action.

e. Candidate for Cannibalization. A requisition, which was a potential candidate for cannibalization or diversion, for which supply action could not be effected by the TYCOM and which was returned to a cognizant IM for cannibalization action.

6.10.3 Policy

These policies and procedures have been developed to serve as a uniform way of handling the **emergency** actions that are associated with cannibalization and diversion from major items. Cannibalization and diversion should **not** be used as a routine method of supply. Those instances for which cannibalization and diversion may be authorized include the following:

a. When U.S. Navy combat forces, combat ready forces, and direct combat support forces deployed outside Continental United States (CONUS) have a requirement assigned an Issue Priority Designator 01 or 02.

b. When CONUS activities and units have a requirement assigned an Issue Priority Designator 02 or higher, where the result is **not** a production line or work stoppage.

c. When a maintenance activity has a requirement with an Issue Priority Designator 02 or higher that is needed within 7 days to correct a Casualty Report (CASREP) or Not Operationally Ready Supply (NORS) deficiency.

d. When a maintenance activity has a requirement with an Issue Priority Designator 03 through 06 that is needed to meet CASREP or NORS deficiencies where procurement long lead times exist.

e. When practicable, to satisfy other end-use requirements with Issue Priority Designators 02 through 08 and long procurement or production lead times.

The TYCOM will normally fund all internal supply requirement alternative actions such as a loan, redistribution from storeroom spares, other ships, area screening, local fabrication, or other actions as appropriate. The IM of the required item will fund all actions when acquiring a component via cannibalization from a major equipment.

Replacing the component item will be at the direction of the major equipment IM. The NAVSEA inventory/program office will fund all actions associated with item replacement when a NAVSEA managed item is removed from another major equipment.

Requests for cannibalization of NAVSEA managed equipments will be initiated by the IM of the item or part. Equipments cannibalized will be returned to original condition unless the IM/program office of the cannibalized equipment determine that such action is unwarranted due to condition of equipment or other program requirements.

Cannibalization or diversion of government and contractor furnished materials for U.S. programs may be used to fulfill a requirement generated by foreign governments only when readiness of U.S. forces will **not** be adversely affected. Moreover, the full costs of cannibalization action, including late claims in production contracts, will be borne by the foreign government.

Approval of cannibalization depends on the location and status of the major equipment. The IM of the equipment, in coordination with the appropriate program office, will approve cannibalization of equipment in inventory or under production and will approve diversion of Government Furnished Material (GFM) or Contractor Furnished Material (CFM) held for production contracts. The Naval Inactive Fleet (NAVINACTFLT) office in Portsmouth VA (PMS 33I) will approve cannibalization of equipment from Naval inactive ships, subject to concurrence of Chief of Naval Operations (CNO) OP 43. CNO concurrence is not required for ships in the disposal cycle. Naval Shipyard Commanders or Supervisors of Shipbuilding, after NAVSEA approval, may cannibalize or divert equipment scheduled for installation on ships undergoing construction or conversion. The Fleet Operational Commander must approve cannibalization from commissioned ships, whether the ship is in overhaul, a restricted availability, or operating, including equipment installed or removed for repair.

6.10.4 Procedures

Requisition status which indicates a zero balance or late delivery of equipment may be considered potential justification for cannibalization or diversion. For ships with a CASREP, the TYCOM will decide if the immediate need may be satisfied through a loan of a spare from another activity or ship, removal of an installed component from a ship, or other available alternatives. If these actions are **not** feasible, the TYCOM will notify NAVICP Mechanicsburg by message that the requisition is a candidate for cannibalization or diversion. If a requiring ship is in overhaul, the shipyard will repair a failed unit when feasible. When repair is **not** feasible, the shipyard will send a cannibalization message request to the TYCOM in standard format useable by the NAVICP. TYCOM approval for cannibalization of ships in overhaul is critical to ensure proper configuration control. When TYCOM resources are not available, the TYCOM will notify NAVICP by message that the requisition is a candidate for cannibalization or diversion.

Before beginning cannibalization or diversion action, NAVICP will consider:

a. The operating schedule of the possessor of the major equipment to be cannibalized or the production schedule of the contract for GFM or CFM that must be diverted and the expected delivery of the replacement items from repair programs or from procurement.

b. The readiness impact on the possessor of the major equipment identified for cannibalization or the expected slippage in production and construction schedules.

c. The need and availability of special skills to remove the required items and to complete the subsequent restoration or re-installation.

d. Whether or not the major equipment is available from an inactive ship source.

After determining that NAVSEA equipment is the only source for cannibalization or diversion action, NAVICP's Customer Service Office will submit a request for cannibalization or diversion to the appropriate IM of NAVSEA material. The IM will only approve the cannibalization or diversion after obtaining concurrence of the program office (unless previously having been given such authority). Item requests will include the nomenclature component identification, manufacturer's drawing number, part number, Allowance Parts List (APL), Navy Item Control Number (NICN) or NSN, and contract number when appropriate. The applicable NAVSEA equipment to be cannibalized should be identified by NSN and nomenclature. Requisition document number, quantity, priority, project code, and Required Delivery Date (RDD) should also be included. The request will provide justification and cite actions previously taken to meet the requirement. It should also include a statement citing the funds that are available for the cannibalization removal action, the replacement of the required item, its subsequent reinstallation, testing and calibration, etc. Lastly, the request will contain the replacement item's contract number and scheduled delivery date.

NAVICP will issue a Work Request or Project Order, when required, giving the funds to the program office owning the cannibalized asset. The time an equipment is unserviceable through procurement or repair, reinstallation, and testing of the replacement item will be kept to a minimum. The shipping document of the replacement will refer to the cannibalization approval and the requisition number of the originally requested part. Special markings of replacement part shipments are required to insure proper part installation on the previously cannibalized equipment. Upon reassembly, NAVICP will arrange for all necessary tests, calibrations, and inspections of cannibalized equipment.

IMs of NAVSEA material, in coordination with the program office, will process a NAVICP cannibalization or diversion request and release a response (approval or disapproval) per UMMIPS as outlined in OPNAV Instruction 4614.1F and Chapter 5, Section 5.6.1.2 of this guide. In making a decision, the IMs and program office will consider the impact upon new construction, conversion, and Fleet modernization

commitments as well as urgency and end use of the required item. They will also study the technical feasibility of cannibalized equipment to provide the required item and the feasibility/cost of returning cannibalized equipment to its original condition. In addition, they will consider the ability of storage activity to complete the cannibalization.

When cannibalization is practicable, IMs will obtain Ship Program Manager approval for items intended for New Construction, Conversion, or SHIPALT. They will then give approval and provide instructions to the NAVICP Customer Service Office or other point of contact. The following information and instructions, **as relevant**, will be furnished:

- a. The incoming message or phone reference.
- b. The MILSTRIP document number, NSN, NICN or part number of the required item; the quantity; the project code; the priority; and the RDD.
- c. The NSN, nomenclature, condition code, serial number, APL number, and stock point holding the item to be cannibalized.
- d. Any replacement, reinstallation, testing, and calibration requirements.
- e. The contract number, estimated delivery date, and shipping destination of the replacement item.

After receipt of a removal request, the activity effecting the cannibalization (CSP or as applicable) will give the requesting IM an estimate of the cannibalization costs; promptly remove the item; prepare it for shipment (clean, test, calibrate, package, etc.), ship it and give shipment status to all concerned. The cannibalization activity will also advise the requesting IM what reimbursement, if any, is required for the industrial effort expended and will give actual labor and material costs when reimbursement is required. It will retain the cannibalized equipment, taking necessary precautions to preclude further deterioration pending restoration.

When a replacement item is received, the activity that effected the cannibalization will give an estimate of restoration costs to the NAVICP and will effect prompt equipment restoration. When an equipment is restored, the restoring activity will advise the requesting IM what reimbursement, if any, was needed for the industrial effort expended and will give actual cannibalization costs when reimbursement is required.

6.11 LOANS

Loans of NAVSEA material may occasionally be requested to support unique requirements (i.e., reverse engineering, product improvement, or other special programs). In general, such action should normally be considered only for insurance or contingency stocks with insignificant experienced or anticipated demand.

The IM, in conjunction with the program office, will negotiate the duration of the loan of material and all details pertaining to the point of issue and return of material. The IM will also issue an "exception data" Referral Order (DI A4E or A45, as applicable) to the stock point that is selected to make the loan. Clear text instructions should be inserted in the remarks block of the Referral Order indicating that one copy of the DD 1348-1 on which the material is shipped will be provided to the Financial Inventory Division (Code 0142), NAVICP, Mechanicsburg, PA. During the loan period, the IM will maintain a record reflecting the location of the loaned material.

When advised by the activity holding the loaned material that it is ready for return, the IM will designate the turn-in stock point and provide shipping instructions to the holding activity. The instructions provided should specify that the Document Number of the original Referral Order on which loan issue was made will be perpetuated on the turn-in documentation. The instructions should also specify that a copy of the turn-in document (DD 1348-1 or DD 250, as applicable) will be furnished to the Financial Inventory Division (Code 0142), NAVICP, Mechanicsburg, PA. The IM will issue a Prepositioned Material Receipt Card, (DI DWN), to the consignee activity (i.e., the stock point to which the loaned material will be returned). The card should perpetuate the Document Number from the Referral Order on which the loan issue was made.

6.12 SPECIAL STORAGE PROGRAM

As addressed in Chapter 1, Section 1.5, NAVSEA has established CSP facilities for improved inventory control and ready access to NAVSEA assets. Special storage sites, other than CSPs, must be justified by operational necessity or economic benefit. For example, equipment to support a ship's overhaul may be located at the shipyard performing the work. Similarly, equipment requiring special repair facilities, such as propellers, may be stored near the DOP in quantities necessary to preclude work stoppage. In addition, the TYCOM may request that NAVSEA preposition assets at locations near home ported or deployed ships. Requests for such special storage arrangements must be coordinated through SEA 04L43.